DOCUMENT RESUME

ED 067 764 EA 004 619

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TITLE	Financing Public Education: More Than One View. NASSP Special Paper.
INSTITUTION	National Association of Secondary School Principals, Washington, D.C.
PUB DATE	Apr 72
NOTE	23p.
AVAILABLE FROM	National Association of Secondary School Principals, 1201 Sixteenth Street, N.W., Washington, D.C. 20036 ($0.75, Quantity Discounts)
EDRS PRICE	MF-$0.65 HC Not Available from EDRS.
DESCRIPTORS	*Court Cases; *Educational Finance; *Equal Education; *Equalization Aid; Equal Protection; Local Government; Property Taxes; *School Taxes; State Action; State School District Relationship

ABSTRACT

The paper highlights selected comments by noted individuals on the impact of such recent court cases as Serrano vs Priest on State school financing systems. The financing issue is discussed within the framework of the idea of local control under a full State funding system, adjustments in property taxes, and the institution of a Federal value added tax. (JF)

ED 067764

OCT 16 1972

Financing Public Education: More Than One View

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NASSP Special Paper

April, 1972

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Published by

THE NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
1201 Sixteenth Street, N.W., Washington, D.C. 20036

Seventy-five cents per copy

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Foreword

From time to time the NASSP publishes special papers on current topics of interest. The subject of finance clearly falls in this category.

At last month's convention several sessions were given over to the increasingly serious financial crisis affecting America's schools. A number of experts spoke directly to the problem and covered a range of topics from obsolete tax systems to the legal principles of school support. In the former category, very few friends of the local property tax could be found and it was evident that the nationwide revolt against it was gaining momentum. Even President Nixon in his State of the Union message singled it out as "one of the most oppressive and discriminatory of all taxes." In the latter category there was widespread acceptance of the legal principle that the quality of education *cannot* continue to depend on the wealth or poverty of individual school districts.

If agreement was evident on the seriousness of the problem itself, it was conspicuous by its absence on the right solution. One thing was clear, however, and that was that it will not be solved by the communities alone. The tax dollar resides in the state capitals and in Washington, and appropriate funding must come from those sources. Whether it should be a state property tax, a federal value added tax (VAT), or some other system is debatable at this point in time—but a viable solution *must* be found.

Of equal importance is the question of involvement. For far too long principals have relegated problems concerning tax structures and school finance to the central office, i.e., the superintendent. Today, every administrator has an obligation to inform the public of the seriousness of the situation and to explain possible solutions. Without this type of grass-roots involvement the chances of a successful tax revision are extremely remote. Members may be assured

that the NASSP will practice what it preaches. Already, the writer has testified in your behalf before the Committee on Ways and Means of the U.S. House of Representatives. The specific recommendation was for full state funding under a ⅔ (state) : ⅓ (federal) formula. Far more impressive testimony could be offered from those of you on education's firing line. May we hear from you? The real solution to the fiscal crisis is in *your* hands.

OWEN B. KIERNAN
Executive Secretary, NASSP

School finance today is everyone's interest. One of the chief reasons for this increased concern in an area which at one time even students of school administration found unexciting is the present state of the nation's economy. The inflationary spiral of the 1960's and 1970's has raised the costs of education to such high levels that communities are refusing to approve further increases in their tax levies. Pressures for better and improved education, however, continue to be exerted. Apparently, the requirements of the future can be satisfied only by increased funding of current programs and additional funding for new programs. The issue in recent months has been brought into sharper focus by the courts, which have handed down precedent-setting rulings on the financing of public education, rulings that threaten to alter irrevocably the structure of the nation's public schools.

The California Decision

In the first of several court decisions, the California Supreme Court ruled in the now-celebrated case of *Serrano* v. *Priest*, L.A. No. 29820 (Cal. Sup. Ct. August 30, 1971) that the state's public school financing system, based primarily on property taxes, was unconstitutional under the equal protection clause of the U.S. Constitution. The court found that the present system of financing discriminates against the poor, systematically denying poor school districts allocations of public education resources equal to those in wealthy districts.

In California, as in many other states, the distribution of public dollars for public education is directly dependent on the wealth of each school district as determined by assessed property values. The plaintiffs argued that classification by wealth is "suspect," and that education is a "fundamental interest" deserving special protection.

The court's views were quite distinctly stated:

"We have determined that this funding cheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors. . . . We can discern no compelling state purpose necessitating the present method of financing. We have concluded, therefore, that such a system cannot withstand constitutional challenge and must fall before the equal protection clause."

Stephen D. Sugarman, attorney for the *amicus curiae* in the *Serrano* case, explained:

"No matter how fair the state plan [for financing education], at some point the state quits but the districts don't. Therein lie the essential inequalities. The complaining districts are not necessarily the districts populated by poor people. You are just as poor as a poor person for school purposes if your district's poor, unless you are rich enough to send your child to a private school."

The ruling is now law in California; state school Superintendent Wilson Riles said it will not be appealed to the U.S. Supreme Court. Despite the ruling's limited jurisdiction, other states have already been directly affected. Similar suits either have been filed or are being prepared in Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Maryland, Michigan, Mississippi, Missouri, New York, Ohio, Oregon, Pennsylvania, South Carolina, Virginia, Vermont, West Virginia, and Wisconsin.

Decisions in Other States

A decision in Texas in December marked the first time a Federal Court ruled on the matter. *Rodriquez* et al. v. *San*

Antonio Independent School District et al., U.S.D.C., W.D. of Texas, San Antonio, CA. No. 68-175-SA (Dec. 1971) might well be described as extending the California decision. The court ruled that Texas' billion-dollar-a-year funding system "tends to subsidize the rich at the expense of the poor," thus violating the equal protection clause of the Fourteenth Amendment.

Directly in support of the decision in California and Texas are the New Jersey and Minnesota decisions. The Minnesota decision, *Van Dusartz*, et al. v. *Hatfield* et al., CA. No. 3-71 Civ. 243, U.S.D.C. District of Minnesota, 3rd Division (October, 1971) ruled:

"The state makes the argument that what plaintiffs seek here is uniformity of expenditure for each pupil in Minnesota. Neither this case nor *Serrano* requires absolute uniformity of school expenditures. On the contrary, *the fiscal neutrality principle* (upon which the *Serrano* decision was based) not only removes discrimination by wealth but also allows free play to local effort and choice and openly permits the state to adopt one of many optional school funding systems which do not violate the equal protection clause . . . [therefore] a system of public school financing which makes spending per pupil a function of the school district's wealth violates the equal protection guarantee of the 14th Amendment to the Constitution of the United States."

The Big Question: What Will Happen?

All these cases have a common theme—that real estate tax is unfair in allowing rich communities to spend more educating their youth than poor communities. The decisions of the courts in California, Texas, Minnesota, and New Jersey have generated considerable press coverage, editorial comment, and general discussion. As a result, speculation abounds on how to finance the nation's public schools.

What will happen to the financial structure of public education? It's anyone's guess at this time. Only one thing is certain,

and that is that the present way of financing education in the nation's 17,218 public school districts will change.

States now provide an estimated $19 billion to the total cost of public education, while the federal government supplies about $3 billion—41 percent and seven percent, respectively. Local school districts provide the bulk of support for educating America's 46 million school age youngsters by paying about $24 billion, 52 percent of the total education dollar. Some experts believe that nothing less than drastic changes in the way local public education is paid for will even begin to ease the financial crises public schools are now facing.

Inability, Not Indifference

Owen B. Kiernan, executive secretary of the National Association of Secondary School Principals, in his testimony before the U.S. House Committee on Ways and Means in June, 1971, pointed out:

"The most serious dimension to the fiscal problem is not one of indifference, but rather inability. By the accident of birth in an affluent or poverty-stricken community, a youngster is handsomely rewarded or sadly shortchanged. Using my home state for purposes of documentation, can any of us justify gross inequities which provide one Massachusetts child with an education three times more valuable or appropriate than another?

"Hasn't the time come for full state and federal financing of education? Some states are now doing this for welfare, why not their schools? Are they not equally important? The cold, hard facts point to the inability of many of our towns and cities to support quality programs of education. The local tax base is simply too narrow, and all the good will and best intentions in the world will not produce an adequate fiscal base.

"Where must our citizens turn for assistance? There can be little doubt that the tax dollar resides in the state capitals and in Washington. Hasn't the time come to face the problem

squarely and establish full state funding with substantial federal assistance? A practical solution would be to assign the states responsibility for 70 percent of the school bill, with 30 percent underwritten by the federal government by means of revenue sharing. A 1 3 : 2 3 formula for federal and state sharing of costs would also be defensible. . . ."

Recognizing the impact that the *Serrano* decision and the score of similar cases in courts throughout the country will have on school finance, NASSP asked a number of people close to the national education scene to comment on the subject. What they say provides considerable stimulus for further thought and review of what is certain to be a turning point in the history of American education.

Complete Funding by States

James B. Conant, former president of Harvard University, summarized his arguments for complete funding of school costs by the state government in 10 points:

"1. The present system by which a large fraction of the cost of public elementary and secondary schools is raised by local taxes has led to gross inequalities between school districts. The evidence to support this statement can readily be obtained.

"2. The traditional argument in favor of local financing assumes that complete state financing would mean the certain destruction of the powers of local school boards. This argument needs careful scrutiny. Local school boards could retain the power of appointing superintendents and principals even if the state completely financed the schools.

"3. The amount of freedom of the local boards in many areas has already been so restricted by state regulations that there is in fact little left of the argument for local control except for the matter of appointing key personnel, which power could be retained.

"4. If the state were to provide state funds to cover all the expenses of elementary and secondary public schools, this would have to be on a per capita basis with provisions for

the expenditure of extra funds in certain types of schools, particularly in the disadvantaged areas of the large cities.

"5. A uniform salary scale throughout the state would be almost inevitable, although regional differences might be allowed to cover differences in living costs.

"6. The distribution of state funds for new construction would have to be determined by regulations between the state board and the local board.

"7. There are many arguments for changing school district boundaries in communities surrounding large cities. These arguments are concerned with providing a mixed school population for the high schools. Shifting school attendance lines is difficult today because of the fact that the boundaries of the school district are also the boundaries of the tax base for the schools in question. If the state funded public schools, it would be much easier to provide for the shifting of attendance lines for the high schools of the country.

"8. The most effective argument of those opposing complete state financing is also the most compelling reason for the suggested change. Rich school districts which now can raise money through real estate taxes to finance highly expensive schools might be deprived of this opportunity. Undoubtedly the adoption of a state funding scheme might mean that some of the school districts in some states would have to reduce their per capita expenses unless provision were made that by special local referendum a school district could add to the state allotment an amount not to exceed five or 10 percent of the total budget.

"9. The proposal for complete state financing must be considered apart from the question of remedying the inequalities between states in regard to the amount of money spent in one state as compared with another. It is important to separate the traditional arguments for federal assistance to the states from the question of how state funds, whatever their source, should be distributed among the schools within the state.

"10. The most difficult question confronting those who favor full state financing is the question of the source of the state

funds. These might be statewide property taxes, increased income taxes, and sales taxes."

Build Budgets From Needs

Zeroing in on the idea expressed in Conant's fourth point, H. Thomas James, president of the Spencer Foundation, made his position on the issue clear at the annual meeting of the Council of Chief State School Officers. He warns that simply providing equal money per pupil will not suffice to equalize educational opportunity for all students. Rather, distribution must be based on budgets designed to meet individual school needs. He said:

". . . Almost certainly the legislative remedy to satisfy the principle of fiscal neutrality will in many instances emerge as full state funding for public elementary and secondary education. While I heartily support the notion of full state control of the total system of taxation needed to assemble the money for supporting schools, I oppose the notion of distributing it in equal amounts per pupil. My reasons are simple: we have used flat grants, and later equalizing grants, as arbitrary substitutes for knowledge we did not have, namely, what was required for a given fiscal period to provide a child, or a classroom, or an attendance center, or a school district with the educational services required by each unit.

"Now is a propitious time to abandon these inadequate substitutes, for reorganization and technology make it possible to deal with facts in budget making. . . . With recent fantastic improvements in the technologies of data processing and data reduction, there is no reason why we can't begin building budgets for elementary and secondary education in most states in the same way we have been doing for higher education, with statements of the needs of children, aggregated to classrooms, aggregated again to attendance centers, school districts, and finally aggregated to the statewide budget for schools to be presented to the legislature as is now commonly done for institutions of higher education.

"An adequately staffed state agency could monitor programs, note deficiencies or extravagances in local programs, and negotiate with each district a mutually satisfactory annual budget which could then be aggregated with those of other districts for presentation to the legislature for action. The legislature would then look to all revenue sources, including whatever the Congress might choose to share with them, and make whatever distribution of the burdens across its several tax bases including, if it so desires, the property tax base, as dictated by the political processes that shape their decisions.

"The most cogent argument for full state funding is the flexibility it would place in the hands of the legislature in assuring a politically satisfactory balance of loadings of school costs on the several tax bases, and in improvements in the equitable treatment of property taxpayers. The most serious objection to full state funding is the probability that funds would be distributed as flat grants which would not improve equality of educationa' opportunity. Only a distribution based on budgets built carefully from a base of needs for services defined initially for individual children could do that. . . ."

Several Important Questions

Robert J. Havighurst, professor of education at the University of Chicago, expressed his concern about three aspects of California's *Serrano* decision that, he says, raise important but difficult issues. His second concern coincides with the issue raised by James, suggesting that it may be *the* long-term problem for educational finance.

"1. Each state may be required to provide equal numbers of dollars per pupil to each school district, and the amount must be adequate for a reasonable level of educational quality. This is the basic proposition, and it is simply the logical extension of trends in school finance of the last 40 years. The state has paid more and more of the cost of educating the average pupil in most states. This process will be carried to its logical conclusion.

"2. Recognizing that different groups of pupils *need* different kinds of education, will the state differentiate its funding of local school districts on the basis of a calculus of 'educational need'? This is likely to be the long-term problem for educational finance and for educational research. Some categories of need can be defined readily. For example, the funding might vary with the age distribution of pupils, with their geographical distribution (varying transportation expense) and with the proportion below 75 IQ. But what about differential 'need' based on family income, language spoken in the home, religion of parents, etc.? The *Serrano* decision says: 'We have determined that this funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors.' How far will the state go in trying to compensate the disadvantaged child and family? In the broad sense of education, the quality of a child's overall education depends as much on the quality of his family (education, discipline, books in the home, parental example, family conversation, etc.) as it does on what happens to the child in the school. Must the state supply extra money to the districts with more disadvantaged children to try to make up for their disadvantages? Spending the same number of dollars on the schooling of each child is not 'equal treatment' in a fundamental sense.

"3. Does the *Serrano* decision deny a local district or a local school the right to add money raised locally to what the state provides? Any community or any school where there is good morale among the parents and citizens is likely to supplement the state fund in some way. This might be done through a supplementary local property tax, or through informal money-raising schemes that private schools use, such as rummage sales, bake sales, endowment funds, bequests, bingo games, raffles, etc. Does the *Serrano* decision mean that such procedures will be declared illegal? Probably not. But what is to prevent the wealthy communities of a state from working through the legislature to keep state spending to a relatively low level, while they supplement their own districts and schools through local initiative? And how about such less conventional

school programs such as pre-schools, kindergartens (in some states), museums, camps, and adult education programs? Will the state provide for them, or will the state leave it to local initiative, defining its own responsibility for the support of education in certain conventional and limited terms?"

Not the End for Local Control

Joseph M. Cronin, former associate dean at Harvard's Graduate School of Education and currently secretary of education in Massachusetts, is not certain that the *Serrano* case will lead to a speedy decision requiring an overthrow of existing state finance patterns.

He feels that litigation in California and other states may use up from two to ten years before the U.S. Supreme Court chooses to hear the cases. It has been unwilling to hear similar cases in the past, just as it has delayed taking up local appeals of court decisions requiring busing.

In addition, he said:

"I am skeptical about whether educators understand how many changes would be required by new state-wide financing patterns. Teacher contracts might be written on a state-wide basis, as in several Canadian provinces. States might have to award extra salary differentials for teaching in difficult areas, such as in remote mountain communities or expensive inner-city locations. Great Britain pays such differentials.

"State-wide financing would not necessarily mean relief from the property tax, but simply a state-wide property tax more equitably collected and distributed. Some industrial cities with low property tax valuations might be reassessed. Some rural towns inhabited by people with extensive investments elsewhere might even pay less in the way of taxes. Many suburbs might get relatively little relief. States have adopted higher sales and income taxes only with great reluctance and the property tax, despite its negative features, produces very substantial sums for our schools each year.

"One difficult problem is deciding how to distribute school sums on an equal yet rational basis. Should we not give elementary children the same kind of support we now give senior high school children? Or doesn't the handicapped child continue to need more funds? Vocational-technical education? Bi-lingual education? As soon as we decide what *equality* is we will need to make a series of exceptions in order to do the job we know we must do.

"I don't think the *Serrano* decision means the beginning of the end for local control. Local school boards could still fight to play major roles in local personnel and curriculum decisions. But, on the whole, education may go the way of the highways or for that matter of "Sesame Street" or "The Electric Company." Very expensive and sophisticated models of education will replace the 1890 style classrooms we continue to maintain at the local level. Soon the parents will confess that the local version just doesn't measure up to the improved performance of state and national models of education."

Effects Staggering to Imagine

Although many reactions to the *Serrano* decision seem based on a strong assumption that it will be upheld by the U.S. Supreme Court, Orman W. Ketcham, an associate judge in the District of Columbia's Superior Court, takes a different stand. He summed up his reaction to the California case in these words:

"Evaluation of the *Serrano* opinion must deal with the prospects of its principles being either reversed or sustained in legal proceedings, and the ramification of the principle if it prevails.

"I predict that the *Serrano* decision will be overturned by the U.S. Supreme Court. The U.S. Constitution, as I understand it, assures equal opportunity and equal protection of the laws—not equality for all individuals. The difference is crucial despite the semantic similarity!

"In the event the principle that local school taxing districts are discriminatory and unconstitutional if they are not equal in wealth and/or per capita school taxes is accepted, the effects upon American society are staggering to imagine. I do not see any feasible means by which our existing nationwide system of public education (at the elementary and secondary school level) can accommodate to such a legal principle. If public education survived, it would be in a drastically different form.

"The principle of the *Serrano* case provides a major thrust toward the adoption of a voucher system of education. If each child to be educated were given script entitling him to an equal dollar amount of scholastic services, superficial equality of opportunity would be achieved. The quality of the education the individual purchased, or the extent to which others supplemented the public voucher or subsidized the individual, would—under present interpretations of our constitution—be beyond the ken of our judicial system."

Broader Base Is Critical Need

David B. Austin, professor of education at Richmond College on Staten Island, N.Y., reflects his certainty that new legislation must come to the aid of public education. He sees the *Serrano* decision as leading the way to new solutions:

"Certain assumptions underlie most discussions of our provisions for education. One of them which equates expenditure with opportunity has apparently led to a long overdue ruling—the *Serrano* case in California. To claim a one-to-one relationship between expenditure and educational opportunity, however, is to over-simplify the very meaning of education and opportunity.

"No doubt there will be many legal tests following the *Serrano* decision. Yet, it seems clear that, barring the complete elimination of all public education and its representation of opportunity for the individual and for the nation, there will be a marked and at times drastic shift of the support of educa-

tion toward the state rather than the local district and its increasingly inadequate resources in real property. In turn, there will be great pressure for increased general support of education from Washington. This will no doubt achieve some form of dynamic balance, subject to variations as the economic winds blow and the demands for support of education in its many forms become increasingly manifest.

"A broader base of support is a critical need now; we cannot afford to close our schools or confiscate our homes. It is time for new decisions and new legislation in support of our educational ideals and ambitions."

Gross Inequities Exist

C. C. Bond, an assistant superintendent with the Chattanooga, Tenn., public schools, believes that if the California decision is adopted on a national basis, it will go a long way in correcting the gross inequities that now exist by providing equal educational opportunity for all the children of all the people:

"It is grossly unfair for a child's educational opportunity to be determined by the material resources which are available in the locale in which he is born or where he lives.

"In other words, the life possibilities of children should not depend upon circumstances beyond their control. Equal educational opportunity is a desired goal for every child. Therefore, the California decision, if adopted, will provide local school boards with the means of financial support that is available in the more privileged school districts."

Way School Money Is Raised

Richard Graham, special assistant for education at ACTION, focuses on another point of view in the many-faceted issue:

"The direct effects of *Serrano-Priest* and similar cases may not be as great as they first appear. Most children are in large

districts and the disparities in expenditures per pupil between large districts within a state are not great—only about 20 percent in the states with three or more large city school systems. Nor, in general, is there great disparity between urban school districts and affluent suburban districts. But in most states (New Hampshire and Michigan are notable exceptions), per pupil expenditures in the urban and wealthy suburban districts substantially exceed those of rural and poor suburban districts. Because these low-expenditure districts tend to be small, *Serrano-Priest* would not directly affect most children to any great degree. What *Serrano-Priest* would affect, though indirectly, is the way school money is raised, and that would profoundly affect all children and their parents.

"For, while the differences in the amount spent per pupil between large city systems is not great and while the high expenditures appear, for the most part, to be in the largest cities where costs are probably highest, there are substantial differences between districts—about 40 percent—in the adjusted property tax rate. *Serrano* should lead to relief for this inequity; but, even more important, *Serrano* should break the present impasse in which rising costs have run head-on into an unwillingness to raise more money via the property tax.

"The certain effect of *Serrano* would be to make it politically feasible to match increasing costs with increasing revenue. This assurance would have a number of highly significant side effects. It would make possible the long-range educational planning which most school boards have not done and have seen little reason for—their job has been to hold things together. It would significantly increase the effectiveness of the federally-funded education programs which were intended to introduce innovations to improve the quality of education. These programs have fallen short of their goals largely. Though designed to encourage innovation, they were used by school districts to keep things going. Even if a federally-funded innovation worked, it was seldom adopted, either because additional operating funds were not to be had from local sources or because reallocation of local funds required too much political capital."

Value Choices Are Endless

Mark Yudof, assistant professor at the University of Texas Law School, in his statement before the Select Committee on Equal Educational Opportunity, discussed value choices that may have to be dealt with in school funding as a result of the *Serrano* decision. He said:

"It is difficult to predict, but the value choices are endless: centralization or decentralization, diversity or uniformity, compensatory education or absolute equality. A legislature may choose to allocate funds on the basis of the characteristics of the consumers of the service, the children. Particular skills and handicaps thus may warrant additional funds. Such value preferences may include the educationally disadvantaged, the artistically talented, the physically handicapped, or the emotionally disturbed child. On the other hand, a state legislature may decide to make education funds available on the basis of family characteristics. If the family is poor, their poverty could be treated as a shorthand for the greater educational needs of the children in the family. Indeed . . . the family could be designated as the administrative unit for the purposes of receiving and expending education funds, or dollars could be allocated to school districts, employing the expressed preferences of the individual families in the district as the relevant criterion.

"Another alternative for financing the public schools which could be adopted in the wake of *Serrano* is an assignment of funds based on the characteristics of each school district. Obviously, a wealth classification would be invalid, but such factors as the number of pupils, the number of schools, the willingness to make a tax effort to raise education dollars, and the degree of racial integration within the district could be considered. Extra dollars could be distributed to communities where the cost of providing educational services is appreciably higher because of higher living costs. Also, urban communities could be compensated for the extraordinary burdens imposed on their fiscal resources by competing demands for such municipal services as welfare, street maintenance, and fire and police protection."

Set Maximum and Minimum Limits

John E. Coons, of Counsel to the Amici in the *Serrano* case, testified before the U.S. Senate's Select Committee on Equal Educational Opportunity that some of the news media implied that this case would end the property tax. Other media implied that it meant the inevitable centralization of fiscal decision-making in education. "Neither view is even close to the reality," Coons declared. He continued:

"The court in fact suggested no infirmities in the property tax; indeed it was not asked to do so. It carefully avoided any threat to local government. It left open almost the entire spectrum of previous legislative options, including spending preferences for disadvantaged children, the physically handicapped, the gifted, special curricular policies, geographical cost variations, municipal overburden, marginal utility, economics of scale, and district willingness to tax itself for education. In short the court did not speak to the question of spending priorities but confined itself to fiscal equity. Further, in dealing with fiscal equity it proscribed only such differential spending as is based upon differences. All it required, in other words, is fiscal neutrality among persons and school districts."

He proposed:

"One simple approach is for the legislature to enact a table of relations between the locally chosen educational tax rate on property (or, preferably, income) and the amount per pupil that the district is permitted to *spend*.

"Within the maximum and minimum set by legislation, each district would be free to decide what it wished to spend; this local choice would trigger a corresponding tax on local wealth. If that local tax raised less than the permissible expenditure, the state would supply the difference from central sources. In districts where the proceeds exceeded the permitted expenditure, the excess would be redistributed to poorer districts. In short, all districts choosing the same rate would spend at the same level. Spending thus would become a function only of the district's interest in education. There are ways to structure such systems so that the amount of 'excess money' raised

locally beyond what the district is permitted to spend can be reduced to nothing.

"This, of course, is but one of many possible models. The legislature might wish to combine such power-equalized local option with specialized spending preferences of various kinds. A state might wish for example to have a three-part spending program like the following:

(1) A basic $800 per child supplied to the district totally from central state sources.
(2) Permissible local 'add-ons' at the rate of $25 extra spending permitted for every mill of local tax up to a maximum add-on of, say, $600. (Obviously, if more is raised by each mill than can be spent, there must be redistribution.)
(3) Categorical aids per pupil for disadvantaged, cost variations, municipal overburden, etc.

"There are, of course, many reasons other than merely political that a legislature might wish to retain local option to the degree permitted by Part 2 in this hypothetical scheme. In most states these reasons will be augmented by persuasive political arguments. Indeed, it is probably fair to predict that, even if the *Serrano* result becomes infectious or is affirmed nationally by the Supreme Court, local spending differences based on local choice will continue in many parts of this country. Unlike the existing pattern, however, the higher spending will then occur in those districts with the greatest commitment to education rather than the greatest wealth. It is also likely (as is now the case in Hawaii) that some states will decree uniform statewide spending levels."

A National Sales Tax?

President Nixon has suggested a Value Added Tax, a national sales tax, as a more equitable way to finance public schools. If such a plan is proposed and adopted, the yield from a three percent tax on almost all consumer purchases would be about

$18 billion. Of that, $12 billion is expected to be returned to the states for education, allowing residential real estate taxes for local schools to be reduced by half.

In answer to anticipated fears of increased federal influence, HEW Secretary Elliot Richardson has made assurances that the Nixon administration is determined to preserve local control of education, leaving local boards of education to set educational policy, select tests and curriculum materials, hire teachers, and construct buildings.

Commission on School Finance Recommendations

President Nixon's Commission on School Finance, appointed in March, 1970, to study the future revenue needs and resources of the nation's public and non-public schools, has now reported to the President. Its major recommendation is that the states assume the major responsibility for "determining and raising on a statewide basis, the amount of funds required for education; for the allocation of these funds among the school districts of the State, and for the evaluation of the effective use of these funds."

To help the states assume this burden, the Commission recommends that the Federal government provide incentives of $1 billion annually to the states for the next five years. The report also said that local governments should be allowed to supplement the statewide spending level not to exceed 10 percent. The Commission noted in its report the lack of substantial evidence to show a clear relationship between cost and quality in education.

In the Commission's report, the suggested roles of the state and Federal governments were described:

"We also recommend that local boards of education be given wide latitude, within general State guidelines, to use resources provided by the State in ways that best meet their needs and demands. This should include choosing curriculums; employing, assigning, and dismissing staff; and defining local goals and objectves. Within this flexibility, local boards of education

should be held accountable to local taxpayers, parents, students, and to the State.

"The Commission recommends that the Federal role in elementary and secondary education embrace the following major functions: (a) providing leadership in educational reform through research, evaluation, and demonstration activities; (b) stimulating State and local public and private activity to meet national concerns and interest and, where necessary, providing continuing financial support; (c) providing incentives and mechanisms designed to more nearly equalize resources among the States for elementary and secondary education; and, (d) serving as a center for collection, evaluation, and publication of educational data. In brief, the Commission sees the Federal Government performing a leadership and pioneering role in long-range educational policy, but only a supplementary role to the States in the financing of school capital and operating costs."

Serrano Impact Still Unknown

The precise impact of *Serrano* v. *Priest* in California on public education in the United States is yet to be determined. There is no doubt, however, that this case and those like it in many other states will have an influence on the course of America's education of a magnitude unsurpassed by any case in the last decade.